



ORONOKO CHARTER TOWNSHIP  
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2005

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>ORONOKO CHARTER TOWNSHIP</b>	County <b>BERRIEN</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>2/16/06</b>	Date Accountant Report Submitted to State: <b>April 12 2006</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>GERBEL &amp; COMPANY, P.C.</b>			
Street Address <b>830 PLEASANT STREET, P.O. BOX 44</b>	City <b>ST. JOSEPH</b>	State <b>MI</b>	ZIP <b>49085</b>
Accountant Signature <i>Robert R. Gerbel CPA</i>		Date <b>4-12-06</b>	

ORONOKO CHARTER TOWNSHIP  
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2005

CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	I-VII
TOWNSHIP BOARD .....	1
INDEPENDENT AUDITOR'S REPORT .....	2-3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets.....	4
Statement of Activities .....	5
Governmental Funds - Balance Sheet .....	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	7
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances .....	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	9
Fiduciary Funds - Statement of Fiduciary Net Assets .....	10
Fiduciary Funds - Statement of Changes in Net Assets .....	11
Notes to Financial Statements .....	12-20
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds:	
Description of Funds.....	21
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	22
Combining Balance Sheet.....	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	24

## CONTENTS - Continued

### SUPPLEMENTARY INFORMATION - Continued

#### General Fund:

Statement of Expenditures Compared to Budget .....	25-29
--	-------

#### Nonmajor Debt Service Funds:

Combining Balance Sheet .....	30
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	31
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## ORONOKO CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oronoko Charter Township's (the "Township") financial performance for the year ended December 31, 2005. Please read it in conjunction with financial statements following this section.

### **Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$3,929,704 (net assets). Of this amount, \$1,615,147 (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,392,836, an increase of \$131,009 in comparison with the prior year. Approximately 100% of the total amount, \$1,392,836 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$1,355,827.
- The Township's total debt fell to \$237,051 a decrease of \$53,467 (18 %) during the current fiscal year, with no new debt acquired during the year.

### **Overview of the Financial Statements**

The discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statement's focus is on both the Township as a whole (government-wide) and on the major individual funds. Both perspectives allow users to address relevant questions, broaden a basis for comparison and enhance the Township's accountability. This report also contains supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The Statement of Net Assets and the Statement of Activities are two financial statements that should help answer the question: Is the Township, as a whole, better off or worse off as a result of this year's activities? These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds:*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Township also has an Improvement Fund

ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

and Debt Retirement Fund which are considered to be non-major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Fiduciary Funds:*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Additional Required Supplementary Information**

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$3,929,704 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (59 percent) reflects its investment in capital assets (e.g., land, buildings, water and sewer systems, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

**Oronoko Township's Net Assets**

	<b>Governmental Activities</b>	
	<b>Current Year</b>	<b>Prior Year</b>
	<u><b>Total</b></u>	<u><b>Total</b></u>
Current and other assets	\$ 1,629,901	\$ 1,561,175
Capital assets	<u>2,551,608</u>	<u>2,652,592</u>
Total Assets	<u>4,181,509</u>	<u>4,213,767</u>
Long-term liabilities	183,584	237,051
Other liabilities	<u>68,221</u>	<u>132,561</u>
Total liabilities	<u>251,805</u>	<u>369,612</u>
Net assets:		
Invested in capital assets, net of related debt	2,314,557	2,362,074
Restricted	0	0
Unrestricted	<u>1,615,147</u>	<u>1,482,081</u>
Total net assets	<u>\$ 3,929,704</u>	<u>\$ 3,844,155</u>

The unrestricted net assets \$1,615,147 may be used to meet the Township's ongoing obligations to citizens and creditors.



ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

**Oronoko Township's Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>Current Year</b>	<b>Prior Year</b>
	<u><b>Total</b></u>	<u><b>Total</b></u>
Revenues:		
Program Revenues:		
Charges for services	\$ 180,716	\$ 100,280
Capital Grants	206,652	153,126
General Revenues:		
General taxes	156,823	150,643
Taxes restricted for debt service	62,081	65,878
State of Michigan aid, unrestricted	608,882	602,356
Interest and investment earnings	31,298	20,264
Other	677	36,787
Gain (loss) on sale of fixed assets	<u>4,962</u>	<u>(4,907)</u>
Total Revenues	<u>1,252,091</u>	<u>1,124,427</u>
Expenses:		
Legislative	231,114	213,555
General government	299,329	297,386
Public safety	450,114	490,975
Public works	119,141	112,251
Recreation and culture	48,881	43,236
Interest on long-term debt	<u>17,963</u>	<u>21,674</u>
Total Expenses	<u>1,166,542</u>	<u>1,179,077</u>
Change in Net Assets	85,549	(54,650)
Net Assets – Beginning of Year	<u>3,844,155</u>	<u>3,898,805</u>
Net Assets – End of Year	<u>\$ 3,929,704</u>	<u>\$ 3,844,155</u>

The Township's net assets increased by \$85,549 during the current fiscal year as discussed below.

*Governmental Activities:*

Governmental activities increased the Township's net assets by \$85,549. A key element of this increase was keeping expenditures under budgeted amounts. The Township also had an increase in revenue from charges in services.

ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

**Financial Analysis of the Township's Funds**

As the Township completed the year, its governmental funds reported combined fund balances of \$1,392,836. Of this amount, \$1,392,836 (100%) was unreserved fund balance, which is available for appropriations for the general purpose of the funds.

*General Fund*

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance was \$1,355,827. The total fund balance increased by \$126,937.

The difference between the original budget and the final amended budget for revenues and expenditures was \$0. The Townships final amended budget for revenues was \$1,145,000 and the actual was \$1,177,485, but there was \$202,055 of revenue from grants for the county fire radio improvement project which passed through the Townships accounts with no income or expense generated for the Township. However, the Township did have a significant difference between the final amended budget for expenditures of \$1,284,916 and the actual expenditures of \$1,042,630 (19%).

During the year, the Township's revenues exceeded the budgetary estimates and the expenditures were less than budgetary estimates, thus there was no need to draw upon existing fund balance.

**Capital Asset and Debt Administration**

*Capital Assets:*

The Township's investment in capital assets for its governmental activities as of December 31, 2005 amounts to \$2,551,608 (net of accumulated depreciation). This investment in capital assets includes: land, land improvements, buildings and improvements, furniture, equipment, utility systems and vehicles.

Major capital asset events during the current fiscal year included the following:

- The fire department purchased \$13,468 in pagers, with the majority of the costs covered by grants.
- A fire rescue boat was purchased at a cost of \$14,425 with community donations.
- The police department purchased a new squad car for \$17,764, half of which is owned by the Township.

ORONOKO CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

*Long-term Debt:*

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$237,051. Of this amount, \$155,000 is in General Obligation bonds for the Library which is paid each year by millage for taxes levied by the Township. The balance of \$82,051 is for bonds for water and sewer improvements in the Township and is paid for through transfers from the General Fund. This debt is backed by the full faith and credit of the government. No new debt was acquired during the current year.

**Economic Condition and Outlook**

The major revenue source of the Township continues to be revenue sharing from the State of Michigan. So far, the State is expecting to continue into the next fiscal year with the same amount of revenue sharing that the Township received in the current fiscal year. To compensate for the prior reductions in the Township's revenues, the Township is working on decreasing expenditures. The Township has approved new equipment purchases for the cemetery and fire departments in 2006.

**Requests for Information**

This financial report is designed to provide a general overview of Oronoko Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Supervisor  
Oronoko Charter Township  
4583 E Snow Road  
PO Box 214  
Berrien Springs, MI 49103

**ORONOKO CHARTER TOWNSHIP**  
**TOWNSHIP BOARD**

Ernest Hildebrand.....Supervisor  
Suzanne Renton..... Clerk  
Kendall Hill..... Treasurer  
Rae Holman.....Trustee  
Dorothy Hildebrand.....Trustee  
Philipp Riess.....Trustee  
Robert Pagel, Jr.....Trustee

# **Gerbel & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

February 16, 2006

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Township Board  
Oronoko Charter Township  
Berrien County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oronoko Charter Township, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through VII, and page 22 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

**Right. On time.**

## INDEPENDENT AUDITOR'S REPORT - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oronoko Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Frederick & Company, P.C.*

**ORONOKO CHARTER TOWNSHIP**  
**Statement of Net Assets**  
**December 31, 2005**

<b>Assets</b>	<b>Governmental Activities</b>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,236,481
Taxes receivable	130,184
Accounts receivable	156,366
Assessment receivable	6,547
Due from other funds	92,366
Interest receivable	<u>7,957</u>
Total Current Assets	<u>\$ 1,629,901</u>
<b>Noncurrent Assets</b>	
<b>Capital Assets (net of accumulated depreciation)</b>	
Land	\$ 354,248
Land improvements	27,897
Buildings and improvements	1,448,103
Furniture and equipment	192,753
Utility systems	219,895
Vehicles	<u>308,712</u>
Total Noncurrent Assets	<u>\$ 2,551,608</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 4,181,509</b></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 6,346
Salaries and withholding payable	4,497
Interest payable	3,911
Bonds payable, due within one year	<u>53,467</u>
Total Current Liabilities	<u>\$ 68,221</u>
<b>Noncurrent Liabilities</b>	
Bonds payable	<u>\$ 183,584</u>
Total Noncurrent Liabilities	<u>\$ 183,584</u>
Total Liabilities	<u>\$ 251,805</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 2,314,557
Unrestricted	<u>1,615,147</u>
Total Net Assets	<u>\$ 3,929,704</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 4,181,509</b></u>

The accompanying notes are an integral part of these financial statements.

**ORONOKO CHARTER TOWNSHIP**  
**Statement of Activities**  
**December 31, 2005**

Functions/Programs	Program Revenues				Governmental Activities Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
Governmental Activities:					
Legislative	\$ 231,114	\$ -	\$ -	\$ -	\$ (231,114)
General Government	299,329	81,670	-	-	(217,659)
Public Safety	450,114	97,736	-	202,055	(150,323)
Public Works	119,141	-	-	4,597	(114,544)
Recreation and Culture	48,881	1,310	-	-	(47,571)
Interest on long-term debt	17,963	-	-	-	(17,963)
Total Governmental Activities	<u>\$ 1,166,542</u>	<u>\$ 180,716</u>	<u>\$ -</u>	<u>\$ 206,652</u>	<u>\$ (779,174)</u>
General Revenues:					
Taxes					
Property taxes, levied for general operations					\$ 156,823
Property taxes, levied for debt service					62,081
State of Michigan aid, unrestricted					608,882
Interest and investment earnings					31,298
Other					677
Gain (loss) on sale of fixed assets					<u>4,962</u>
Total General Revenues					<u>\$ 864,723</u>
Change In Net Assets					\$ 85,549
Net Assets - Beginning of Year					<u>3,844,155</u>
NET ASSETS - END OF YEAR					<u>\$ 3,929,704</u>

The accompanying notes are an integral part of these financial statements.



**ORONOKO CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
Balance Sheet  
For the Year Ended December 31, 2005**

	<u>General Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
<b>Currents Assets:</b>			
Cash and cash equivalents	\$ 1,199,472	\$ 29,602	\$ 1,229,074
Monies on deposit with county	-	7,407	7,407
Receivables:			
Property tax	93,228	36,956	130,184
Interest	7,957	-	7,957
Assessments	-	6,547	6,547
Other	156,366	-	156,366
Due from other funds	<u>66,700</u>	<u>25,666</u>	<u>92,366</u>
Total Current Assets	<u>\$ 1,523,723</u>	<u>\$ 106,178</u>	<u>\$ 1,629,901</u>
TOTAL ASSETS	<u>\$ 1,523,723</u>	<u>\$ 106,178</u>	<u>\$ 1,629,901</u>
<b>Liabilities and Fund Balances</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 6,346	\$ -	\$ 6,346
Payroll liabilities	4,497	-	4,497
Deferred revenue	<u>157,053</u>	<u>69,169</u>	<u>226,222</u>
Total Current Liabilities	<u>\$ 167,896</u>	<u>\$ 69,169</u>	<u>\$ 237,065</u>
Total Liabilities	<u>\$ 167,896</u>	<u>\$ 69,169</u>	<u>\$ 237,065</u>
<b>Fund Balances:</b>			
Unreserved, reported in			
General Fund	\$ 1,355,827	\$ -	\$ 1,355,827
Special Revenue	-	9,466	9,466
Debt Service	<u>-</u>	<u>27,543</u>	<u>27,543</u>
Total Fund Balances	<u>\$ 1,355,827</u>	<u>\$ 37,009</u>	<u>\$ 1,392,836</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,523,723</u>	<u>\$ 106,178</u>	<u>\$ 1,629,901</u>

**ORONOKO CHARTER TOWNSHIP**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**For the Year Ended December 31, 2005**

Fund balances of governmental funds	\$ 1,392,836
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	2,551,608
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(237,051)
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Government-wide statements recognize interest expense in the period in which it accrues rather than the period in which payment is made.	(3,911)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>226,222</u>
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Net assets of governmental activities	<u>\$ 3,929,704</u>
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**ORONOKO CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2005**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 151,014	\$ 65,867	\$ 216,881
Special assessments	-	675	675
Licenses and permits	38,547	-	38,547
State grants	613,479	-	613,479
Contributions from local units	25,022	-	25,022
Federal grants	147,012	-	147,012
Charges for services	81,599	-	81,599
Interest and rents	29,548	1,411	30,959
Capital grants	55,043	-	55,043
Fire department revenue	34,238	-	34,238
Miscellaneous	1,983	-	1,983
<b>Total Revenues</b>	<u>\$ 1,177,485</u>	<u>\$ 67,953</u>	<u>\$ 1,245,438</u>
<b>Expenditures:</b>			
Current:			
Legislative	\$ 209,175	\$ -	\$ 209,175
General government	299,329	-	299,329
Public safety	378,151	-	378,151
Public works	63,804	-	63,804
Health and welfare	45,891	-	45,891
Recreation and cultural	46,280	-	46,280
Debt service:			
Principal retirement	-	53,467	53,467
Interest and fiscal charges	-	17,963	17,963
Miscellaneous	-	369	369
<b>Total Expenditures</b>	<u>\$ 1,042,630</u>	<u>\$ 71,799</u>	<u>\$ 1,114,429</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 134,855</u>	<u>\$ (3,846)</u>	<u>\$ 131,009</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfer in (out)	\$ (7,918)	\$ 7,918	\$ -
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (7,918)</u>	<u>\$ 7,918</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ 126,937</u>	<u>\$ 4,072</u>	<u>\$ 131,009</u>
<b>Fund Balances - Beginning of Year</b>	<u>1,228,890</u>	<u>32,937</u>	<u>1,261,827</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,355,827</u>	<u>\$ 37,009</u>	<u>\$ 1,392,836</u>

The accompanying notes are an integral part of these financial statements.

**ORONOKO CHARTER TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2005**

Net change in fund balances - total governmental funds	\$ 131,009
--	------------

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which depreciation exceeded capital outlays in the current period.	(100,164)
---	-----------

Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	53,467
--	--------

The net effect of trade-ins and sales involving capital assets is to decrease net assets.	(820)
---	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,057</u>
--	--------------

Change in net assets of governmental activities	<u>\$ 85,549</u>
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**ORONOKO CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
Statement of Fiduciary Net Assets  
December 31, 2005**

	<b>Expendable Trust Fund</b>	<b>Tax Collection Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,994	\$ 505,025
<b>TOTAL ASSETS</b>	<u>\$ 5,994</u>	<u>\$ 505,025</u>
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 92,366
Due to other governments	-	412,659
Accounts payable	150	-
Undistributed revenue for Garr Morrow and Sprague Memorials	<u>5,844</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 5,994</u>	<u>\$ 505,025</u>

The accompanying notes are an integral part of these financial statements.

**ORONOKO CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
Statement of Changes in Net Assets  
December 31, 2005**

	<b>Expendable Trust Fund</b>
<b>Additions</b>	
Interest	\$ 86
<b>Total Additions</b>	<u>\$ 86</u>
<b>Deductions</b>	
<b>Memorials:</b>	
Garr (Oak Grove)	\$ 50
Sprague - Rosehill	50
Marrow - Rosehill	<u>50</u>
<b>Total Deductions</b>	<u>\$ 150</u>
Changes in net assets	\$ (64)
Net assets - Beginning of Year	<u>5,908</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,844</u>

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by Oronoko Township, Michigan, conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

**A. Reporting Entity**

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

**Berrien Springs-Oronoko Township Police Department and Berrien Springs-Oronoko Joint Fire Administrative Board.** These potential component units are disclosed as joint ventures. See NOTE 3 for further information on the joint ventures.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not maintain any proprietary funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Oronoko Charter Township reports the following major governmental fund:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, Oronoko Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.



**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Budgetary Data**

The Supervisor submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted by the Board of Trustees in summary form prior to December 15.

The Supervisor can transfer budgeted amounts between departments within a fund, but usually requests approval from the Board of Trustees before making any such transfers. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Oronoko Charter Township as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. Long-Term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

**G. Property Taxes**

Township property taxes are levied on December 1 and are payable without penalty through February 14. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

**H. Investments**

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of one year or less when purchased are defined as cash equivalents.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**NOTE 2 - CASH AND INVESTMENTS**

**Cash and Short-term Investments** - The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. Act 217, PA 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at December 31, 2005.

It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return.

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 2 - CASH AND INVESTMENTS - Continued**

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

As of December 31, 2005 the Township's funds were deposited in nine institutions meeting the above requirements. At year end the carrying amount of the Township's deposits was \$1,740,093 and the respective bank balances totaled \$2,061,922. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$900,000.

**NOTE 3 - JOINT VENTURES**

**Berrien Springs-Oronoko Joint Fire Administrative Board**

On December 9, 1986, the Village of Berrien Springs and Oronoko Charter Township entered into a joint venture to form a joint fire administrative board. The purpose of the board is to establish an annual budget, to establish annual billing rates, to recommend to the Village and Township any request for financial assistance and the purchase of any additional equipment as is deemed necessary from time to time.

The Board is composed of five members. Oronoko Charter Township selects two members and the Village of Berrien Springs selects two members. One member is selected at large. This board annually elects a president, vice-president, and a secretary. The Fire Chief is appointed by the Village President and Township Supervisor subject to the approval of the Village Council and Township Board.

The cost of future capital purchases and operations are split 70% Oronoko Charter Township and 30% Village of Berrien Springs. During 2005, the Township acted as an agent for a county grant. Therefore, the countywide equipment is not factored into the split. The total operating expenditures for the department amounted to \$132,937. The Township's share of Fire Board operating expenditures for the year ended December 31, 2005 was \$93,056.

**Berrien Springs-Oronoko Township Police Department**

On July 6, 1971 the Village of Berrien Springs and Oronoko Charter Township entered into a mutual police assistance agreement for the purpose of the establishment of an inter-municipal police authority and to provide police services for both the Village and the Township.

The Berrien Springs-Oronoko Charter Township Police Commission is composed of five members, two members from the Village Board of Trustees appointed by the Village President and three members from the Oronoko Charter Township Board appointed by the Township Supervisor. The Police Commission selects and hires, with the recommendation of the Chief of Police, the members of the police department.

The original agreement between Oronoko Township and the Village of Berrien Springs called for all costs not funded by the operating millage to be split 50% Township and 50% Village. Neither municipality contributed during the year ended December 31, 2005. Currently the department is fully funded by a Township millage which is comprised of 79% Township residents and 21% Village residents.

The Township has included a share of the police department's capital assets in the Statement of Net Assets. The net book value of the capital assets included is \$61,072.

A copy of the audited financial report is available for review at the Township office.

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activities for the year ended December 31, 2005 were as follows:

	<u>Balance</u> <u>January 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2005</u>
<b>Governmental Activities</b>				
Land	\$ 354,248	\$ -	\$ -	\$ 354,248
Buildings	\$ 1,922,886	\$ -	\$ -	\$ 1,922,886
Land Improvements	71,939	-	-	71,939
Utility Systems	377,851	-	-	377,851
Vehicles	565,386	8,885	(35,845)	538,426
Furniture and Equipment	387,703	21,295	(6,500)	402,498
Subtotal	\$ 3,325,765	\$ 30,180	\$ (42,345)	\$ 3,313,600
Less: Accumulated Depreciation	(1,027,421)	(130,344)	41,525	(1,116,240)
Total Capital Assets Other Than Land	\$ 2,298,344	\$ (100,164)	\$ (820)	\$ 2,197,360

Depreciation expense was charged in the following functions in the statement of activities:

**Governmental functions:**

General government	\$ 21,938
Public safety	96,357
Public works	9,446
Recreation and cultural	2,603
Total	<u>\$ 130,344</u>

**NOTE 5 - CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the primary government for the year ended December 31, 2005:

	<u>Bonds</u>
As of January 1, 2005	\$ 290,518
Additions	-
(Reductions)	<u>53,467</u>
As of December 31, 2005	<u>\$ 237,051</u>

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued**

Long-term debt at December 31, 2005 is comprised of the following individual issues:

	<u>Balance</u> <u>January 1,</u> <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2005</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities -</b>					
<b>Primary Activities</b>					
1989 Library Building and Site Bonds (General Obligation Unlimited Tax Bonds) due in annual installments of \$15,000 to \$55,000 through May 1, 2008; interest varies from 7.15% to 9.00%.	\$ 205,000	\$ -	\$ (50,000)	\$ 155,000	\$ 50,000
Berrien County Water and Sewer Improvements Project No. 26 Bonds, Series 2000 due in annual installments of \$3,467 to \$8,090 through May 1, 2020; interest varies from 4.50% to 5.65%.	85,518	-	(3,467)	82,051	3,467
Total Primary Government	<u>\$ 290,518</u>	<u>\$ -</u>	<u>\$ (53,467)</u>	<u>\$ 237,051</u>	<u>\$ 53,467</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 53,647	\$ 14,040
2007	53,647	10,122
2008	59,622	5,984
2009	4,623	3,689
2010	4,623	3,455
2011-2015	29,354	13,368
2016-2020	31,535	5,108
Total	<u>\$ 237,051</u>	<u>\$ 55,766</u>

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. Individual Funds - Interfund Receivables and Payables**

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 66,700	Current Tax Fund	\$ 92,366
Library Debt Service Fund	25,206		
Sewer Debt Service Fund	460		
	<u>\$ 92,366</u>		<u>\$ 92,366</u>

**B. Individual Funds - Interfund Operating Transfers**

Individual fund operating transfers for the year ended December 31, 2005, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 7,918
Debt Service Fund	7,917	-
Improvement Fund	1	-
	<u>\$ 7,918</u>	<u>\$ 7,918</u>

The General Fund transferred \$7,917 to the Debt Service Fund for payment on the Berrien County Water and Sewer Improvements Project No. 26 Bonds.

**NOTE 7 - RETIREMENT PLAN**

The Township maintains a defined contribution retirement plan, which is administered by John Hancock Insurance Company, covering all full-time employees. Participants contribute a minimum amount per \$1,000 of their compensation and the Township matches participant contributions on a three-for-one basis, subject to certain limitations.

The Township's total payroll during the current year was \$323,392. The current year contribution was calculated based on covered payroll of \$229,735, resulting in an employer contribution of \$27,160, and employee contributions of \$9,252.

All participants are fully vested in the plan. The plan is a money purchase plan qualified under section 401(a) of the Internal Revenue Code.

**NOTE 8 - VACATION AND SICK PAY**

Vacation and sick pay are expensed when paid. Vacation pay does not accumulate beyond the current year. Sick days accumulate, but can only be taken as compensated time off in the future and are not eligible for cash payment upon termination of employment.

**ORONOKO CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2005**

**NOTE 9 - ROAD REPAIR AND MAINTENANCE**

Subsequently all road repairs and improvements are done by the Berrien County Road Commission with funds provided by Township and County revenues. All disbursements to the Road Commission are included in the combined financial statements as an expenditure at the time of disbursement. Accordingly, a portion of the disbursement may represent an advance of road improvement funds before such a project is begun or completed by the Road Commission.

**NOTE 10 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES**

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the general fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building permits	\$ <u>23,885</u>
Expenditures	
Salary and wages	\$ 27,311
Payroll taxes	2,089
Professional development	270
Retirement	3,278
Travel	174
Life and health insurance	<u>6,317</u>
Total Expenditures	\$ <u>39,439</u>
Deficiency of Revenues under Expenditures	\$ <u>(15,554)</u>

**NOTE 11 - FUND EXPENDITURES OVER BUDGET**

P. A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Township was adopted at the department level. During the year ended December 31, 2005, the Township was under budget in all departments.

**ORONOKO CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Improvement Fund** - This fund is used to account for capital improvements of the Township.

**Debt Service Funds**

Debt service funds are used to account for monies collected to satisfy payments on bonds.

**Debt Fund** - This fund is used to satisfy bond payments for the Library Building and Site Bonds and the Sewer Assessment No. 26 Bonds.



**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 151,014	\$ 1,014
Licenses and permits	18,500	18,500	38,547	20,047
State grants	620,000	620,000	613,479	(6,521)
Federal grants	213,000	213,000	147,012	(65,988)
Contributions from local units	20,268	20,268	25,022	4,754
Charges for services	47,000	47,000	81,599	34,599
Interest	20,000	20,000	29,548	9,548
Capital grants	-	-	55,043	55,043
Fire department revenue	27,732	27,732	34,238	6,506
Other	28,500	28,500	1,983	(26,517)
Total Revenues	<u>\$ 1,145,000</u>	<u>\$ 1,145,000</u>	<u>\$ 1,177,485</u>	<u>\$ 32,485</u>
<b>Expenditures:</b>				
Legislative	\$ 229,453	\$ 229,753	\$ 209,175	\$ 20,578
General government	479,906	479,906	299,329	180,577
Public safety	377,407	410,657	378,151	32,506
Public works	81,500	68,500	63,804	4,696
Health and welfare	48,000	48,000	45,891	2,109
Recreation and cultural	72,000	48,100	46,280	1,820
Total Expenditures	<u>\$ 1,288,266</u>	<u>\$ 1,284,916</u>	<u>\$ 1,042,630</u>	<u>\$ 242,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (143,266)</u>	<u>\$ (139,916)</u>	<u>\$ 134,855</u>	<u>\$ 274,771</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>\$ (4,750)</u>	<u>\$ (8,100)</u>	<u>\$ (7,918)</u>	<u>\$ 182</u>
Total Other Financing Sources (Uses)	<u>\$ (4,750)</u>	<u>\$ (8,100)</u>	<u>\$ (7,918)</u>	<u>\$ 182</u>
Net Change in Fund Balances	<u>\$ (148,016)</u>	<u>\$ (148,016)</u>	<u>\$ 126,937</u>	<u>\$ 274,953</u>
Fund Balances - Beginning of Year	<u>1,228,890</u>	<u>1,228,890</u>	<u>1,228,890</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,080,874</u>	<u>\$ 1,080,874</u>	<u>\$ 1,355,827</u>	<u>\$ 274,953</u>

**ORONOKO CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
For the Year Ended December 31, 2005**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,059	\$ 27,543	\$ 29,602
Monies on deposit with county	7,407	-	7,407
Receivables:			
Property taxes	-	36,956	36,956
Assessments	-	6,547	6,547
Due to other funds	-	25,666	25,666
 TOTAL ASSETS	 <u>\$ 9,466</u>	 <u>\$ 96,712</u>	 <u>\$ 106,178</u>
 <b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Deferred revenue	\$ -	\$ 69,169	\$ 69,169
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 69,169</u>	 <u>\$ 69,169</u>
 Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 9,466	\$ -	\$ 9,466
Debt Service	-	27,543	27,543
 Total Fund Balances	 <u>\$ 9,466</u>	 <u>\$ 27,543</u>	 <u>\$ 37,009</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 9,466</u>	 <u>\$ 96,712</u>	 <u>\$ 106,178</u>

**ORONOKO CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended December 31, 2005**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ -	\$ 65,867	\$ 65,867
Interest and rents	12	1,399	1,411
Special assessments	<u>-</u>	<u>675</u>	<u>675</u>
Total Revenues	<u>\$ 12</u>	<u>\$ 67,941</u>	<u>\$ 67,953</u>
<b>Expenditures</b>			
Debt service:			
Principal retirement	\$ -	\$ 53,467	\$ 53,467
Interest and fiscal charges	-	17,963	17,963
Miscellaneous	<u>-</u>	<u>369</u>	<u>369</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 71,799</u>	<u>\$ 71,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 12</u>	<u>\$ (3,858)</u>	<u>\$ (3,846)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	<u>\$ 1</u>	<u>\$ 7,917</u>	<u>\$ 7,918</u>
Total Other Financing Sources (Uses)	<u>\$ 1</u>	<u>\$ 7,917</u>	<u>\$ 7,918</u>
Net Change in Fund Balances	\$ 13	\$ 4,059	\$ 4,072
Fund Balances - Beginning of Year	<u>9,453</u>	<u>23,484</u>	<u>32,937</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,466</u>	<u>\$ 27,543</u>	<u>\$ 37,009</u>

**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004**

	<u>2005</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>2004</u> <u>Actual</u>
<b>Legislative:</b>				
Township Board:				
Salary and wages	\$ 8,003	\$ 7,965	\$ 38	\$ 7,965
Payroll taxes	650	610	40	610
Office supplies	4,200	4,049	151	2,662
Postage	7,500	7,293	207	6,547
Audit fees	10,000	9,480	520	7,110
Legal fees	10,000	9,068	932	7,435
Dues	7,600	6,703	897	5,856
Computer services and software	11,500	10,897	603	18,505
Retirement	28,000	23,882	4,118	23,664
Community donation	4,000	3,400	600	3,400
Printing and publishing	10,000	9,322	678	9,496
Insurance and bonds	35,000	34,069	931	33,391
Life and health insurance	70,000	60,133	9,867	51,542
Workers' compensation insurance	16,500	16,483	17	13,803
Repairs and maintenance	4,000	3,487	513	3,719
Travel	300	36	264	52
Miscellaneous	2,500	2,298	202	2,407
<b>Total Legislative</b>	<u>\$ 229,753</u>	<u>\$ 209,175</u>	<u>\$ 20,578</u>	<u>\$ 198,164</u>
<b>General Government:</b>				
Supervisor:				
Salary	\$ 14,598	\$ 14,589	\$ 9	\$ 14,589
Payroll taxes	1,250	1,117	133	1,116
<b>Total Supervisor</b>	<u>\$ 15,848</u>	<u>\$ 15,706</u>	<u>\$ 142</u>	<u>\$ 15,705</u>
Clerk:				
Salary	\$ 11,718	\$ 11,709	\$ 9	\$ 11,709
Payroll	930	896	34	896
Travel	250	-	250	-
<b>Total Clerk</b>	<u>\$ 12,898</u>	<u>\$ 12,605</u>	<u>\$ 293</u>	<u>\$ 12,605</u>

**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004**

	2005		Variance -	
	Budget	Actual	Positive (Negative)	2004 Actual
General Government - Continued:				
Treasurer:				
Salary	\$ 8,800	\$ 8,067	\$ 733	\$ 8,800
Payroll taxes	690	617	73	673
Total Treasurer	\$ 9,490	\$ 8,684	\$ 806	\$ 9,473
Administrative and Office:				
Salaries and wages	\$ 83,200	\$ 82,986	\$ 214	\$ 80,888
Payroll taxes	6,370	6,347	23	6,239
Travel	100	-	100	77
Total Administrative and Office	\$ 89,670	\$ 89,333	\$ 337	\$ 87,204
Assessor and Board of Review:				
Salaries and wages	\$ 28,300	\$ 27,954	\$ 346	\$ 26,858
Payroll taxes	2,100	2,093	7	2,029
Travel	300	67	233	123
Miscellaneous	500	409	91	-
Total Assessor and Board of Review	\$ 31,200	\$ 30,523	\$ 677	\$ 29,010
Township Hall and Grounds:				
Utilities	\$ 8,000	\$ 7,370	\$ 630	\$ 8,896
Repairs and maintenance	11,500	10,280	1,220	9,517
Capital outlay	35,000	485	34,515	7,289
Total Township Hall and Grounds	\$ 54,500	\$ 18,135	\$ 36,365	\$ 25,702
Cemetery:				
Salaries and wages	\$ 84,500	\$ 84,270	\$ 230	\$ 78,852
Payroll taxes	6,950	6,443	507	6,734
Utilities	7,000	6,479	521	6,019
Repairs	22,200	21,282	918	23,654
Travel	550	362	188	439
Capital outlay	38,000	-	38,000	14,795
Total Cemetery	\$ 159,200	\$ 118,836	\$ 40,364	\$ 130,493

**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004**

	<u>2005</u>		<u>Variance -</u>	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>General Government - Continued:</b>				
Elections:				
Salaries - Temporary employees	\$ 2,500	\$ 2,275	\$ 225	\$ 3,562
Office supplies	3,500	2,903	597	2,288
Printing and publishing	500	317	183	1,871
Travel	100	12	88	64
Miscellaneous	500	-	500	591
Total Elections	<u>\$ 7,100</u>	<u>\$ 5,507</u>	<u>\$ 1,593</u>	<u>\$ 8,376</u>
Contingencies	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>
Total General Government	<u>\$ 479,906</u>	<u>\$ 299,329</u>	<u>\$ 180,577</u>	<u>\$ 318,568</u>
<b>Public Safety:</b>				
Police:				
Township appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Fire Protection:				
Salaries and wages	\$ 55,000	\$ 54,533	\$ 467	\$ 55,509
Payroll taxes	4,300	4,172	128	4,247
Office supplies	900	776	124	1,184
Miscellaneous supplies	1,000	150	850	1,500
Uniforms and cleaning	2,500	2,249	251	913
Fees and subscriptions	1,200	1,055	145	1,243
Telephone	7,800	8,281	(481)	6,476
Gasoline and oil	1,800	1,039	761	1,017
Travel	800	720	80	-
Conference and workshops	6,500	6,059	441	1,333
Public education	500	382	118	717
Insurance	3,482	2,358	1,124	2,359
Utilities	11,500	10,492	1,008	10,842
Repairs and maintenance	13,250	12,555	695	13,089
Supplies	4,500	4,424	76	6,080
Equipment purchases	39,000	21,312	17,688	26,624
County wide equipment	205,000	200,143	4,857	138,269
Miscellaneous	2,500	2,380	120	203
Total Fire Protection	<u>\$ 361,532</u>	<u>\$ 333,080</u>	<u>\$ 28,452</u>	<u>\$ 271,605</u>

**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004**

	<u>2005</u>		<u>Variance -</u>	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>Public Safety - Continued:</b>				
Building Department:				
Salaries and wages	\$ 27,400	\$ 27,311	\$ 89	\$ 26,216
Payroll taxes	2,100	2,089	11	2,038
Dues	900	270	630	948
Retirement	3,500	3,278	222	3,182
Printing and publishing	100	-	100	387
Life and health insurance	6,500	6,317	183	5,685
Travel	500	174	326	1,156
Miscellaneous	100	-	100	-
Total Building Department	<u>\$ 41,100</u>	<u>\$ 39,439</u>	<u>\$ 1,661</u>	<u>\$ 39,612</u>
Planning and Zoning:				
Salaries and wages	\$ 5,500	\$ 4,665	\$ 835	\$ 4,675
Payroll taxes	425	357	68	358
Printing and publishing	500	123	377	269
Legal fees	1,000	-	1,000	-
Dues	500	487	13	330
Miscellaneous	100	-	100	-
Total Planning and Zoning	<u>\$ 8,025</u>	<u>\$ 5,632</u>	<u>\$ 2,393</u>	<u>\$ 5,632</u>
Total Public Safety	<u>\$ 410,657</u>	<u>\$ 378,151</u>	<u>\$ 32,506</u>	<u>\$ 416,849</u>

**ORONOKO CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended December 31, 2005  
With Comparative Actual Amounts for the Year Ended December 31, 2004**

	<u>2005</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2004</u>
			<u>(Negative)</u>	<u>Actual</u>
<b>Public Works:</b>				
Street lighting	\$ 11,000	\$ 10,939	\$ 61	\$ 13,202
Roads and streets	55,000	50,796	4,204	39,826
Drains	<u>2,500</u>	<u>2,069</u>	<u>431</u>	<u>2,545</u>
Total Public Works	<u>\$ 68,500</u>	<u>\$ 63,804</u>	<u>\$ 4,696</u>	<u>\$ 55,573</u>
<b>Health and Welfare:</b>				
Ambulance service	<u>\$ 48,000</u>	<u>\$ 45,891</u>	<u>\$ 2,109</u>	<u>\$ 45,559</u>
<b>Recreation and Cultural:</b>				
Township Park:				
Repairs and maintenance	\$ 13,000	\$ 12,231	\$ 769	\$ 10,560
Capital outlay	1,000	-	1,000	-
Recreation:				
Township appropriation	<u>34,100</u>	<u>34,049</u>	<u>51</u>	<u>30,073</u>
Total Recreation and Cultural	<u>\$ 48,100</u>	<u>\$ 46,280</u>	<u>\$ 1,820</u>	<u>\$ 40,633</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,284,916</u>	<u>\$ 1,042,630</u>	<u>\$ 242,286</u>	<u>\$ 1,075,346</u>



**ORONOKO CHARTER TOWNSHIP  
NONMAJOR DEBT SERVICE FUNDS  
Combining Balance Sheet  
December 31, 2005**

**With Comparative Totals for the Year Ended December 31, 2004**

	<b>Library Fund</b>	<b>Sewer Fund</b>	<b>Totals 2005</b>	<b>2004</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 27,543	\$ -	\$ 27,543	\$ 23,484
Receivables:				
Property tax	36,956	-	36,956	37,629
Assessments	-	6,547	6,547	6,975
Due from other funds - NOTE 6	<u>25,206</u>	<u>460</u>	<u>25,666</u>	<u>29,639</u>
 TOTAL ASSETS	 <u>\$ 89,705</u>	 <u>\$ 7,007</u>	 <u>\$ 96,712</u>	 <u>\$ 97,727</u>
 <b>Liabilities and Fund Balances</b>				
Deferred revenue	\$ 62,162	\$ 7,007	\$ 69,169	\$ 72,923
Due to other funds - NOTE 6	-	-	-	1,320
Fund balances	<u>27,543</u>	<u>-</u>	<u>27,543</u>	<u>23,484</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 89,705</u>	 <u>\$ 7,007</u>	 <u>\$ 96,712</u>	 <u>\$ 97,727</u>

**ORONOKO CHARTER TOWNSHIP  
NONMAJOR DEBT SERVICE FUNDS  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2005  
With Comparative Totals for the Year Ended December 31, 2004**

	<u>Library Fund</u>	<u>Sewer Fund</u>	<u>Totals</u> <u>2005</u>	<u>2004</u>
<b>Revenues:</b>				
Taxes	\$ 65,867	\$ -	\$ 65,867	\$ 64,219
Interest and rents	647	752	1,399	577
Special assessments	-	675	675	1,206
	<u>-</u>	<u>675</u>	<u>675</u>	<u>1,206</u>
<b>Total Revenues</b>	<u>\$ 66,514</u>	<u>\$ 1,427</u>	<u>\$ 67,941</u>	<u>\$ 66,002</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 50,000	\$ 3,467	\$ 53,467	\$ 48,467
Interest and fiscal charges	13,475	4,488	17,963	21,673
Miscellaneous	300	69	369	300
	<u>300</u>	<u>69</u>	<u>369</u>	<u>300</u>
<b>Total Expenditures</b>	<u>\$ 63,775</u>	<u>\$ 8,024</u>	<u>\$ 71,799</u>	<u>\$ 70,440</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 2,739</u>	<u>\$ (6,597)</u>	<u>\$ (3,858)</u>	<u>\$ (4,438)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfer in (out)	-	7,917	7,917	11,608
	<u>-</u>	<u>7,917</u>	<u>7,917</u>	<u>11,608</u>
<b>Net Change in Fund Balances</b>	<u>\$ 2,739</u>	<u>\$ 1,320</u>	<u>\$ 4,059</u>	<u>\$ 7,170</u>
<b>Fund Balance - Beginning of Year</b>	<u>24,804</u>	<u>(1,320)</u>	<u>23,484</u>	<u>16,314</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 27,543</u>	<u>\$ -</u>	<u>\$ 27,543</u>	<u>\$ 23,484</u>

# **Gerbel & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

February 16, 2006

TOWNSHIP BOARD OF  
ORONOKO CHARTER TOWNSHIP  
BERRIEN COUNTY, MICHIGAN

In connection with our audit of the books and records of Oronoko Charter Township for the year ended December 31, 2005, we offer the following comments and recommendations.

## **GENERAL**

1. The fire department has a separate checking account for its fund-raising activities. The Township's federal identification number is being used on the account, which places the liability for these funds in the hands of the Township. The receipts and disbursements from this account are not being recorded on the Township's books. The fire department has begun forwarding records of receipts and disbursements, as well as reconciled bank statements. The Township should take the next step to include the fund-raising activities in the general fund.
2. Pursuant to the Michigan Department of Treasury Uniform Chart of Accounts, revenues must be reported by source for both financial reporting and budgeting purposes. The mandatory revenue accounts are as follows: Taxes, Licenses and Permits, Federal Grants, State Grants, Contribution from Local Units, Charges for Services, Fines and Forfeits, Interest and Rents, and Other Revenue. The Township should review its chart of accounts to ensure it includes these minimum requirements. Optional account numbers are provided within the mandatory revenue source categories to provide greater detail.
3. The Michigan Department of Treasury Uniform Budget Manual requires the Township to pass a general appropriations act for the general fund and each special revenue fund. The general appropriations act must state the total mills to be levied and the purpose for each millage levied, include an estimate of expected beginning surplus or deficit, estimate of required expenditures, estimate of revenues (by revenue source), estimate of amounts needed for deficiency, estimate for contingent or emergency purposes, and an estimate of expected ending surplus or deficit.
4. The Michigan Department of Treasury Uniform Budget Manual requires a local unit of government's recommended budget to include at a minimum the following requirements: accumulated surplus or deficit for prior fiscal years, actual expenditure and revenue data for the most recently completed fiscal year, estimated expenditures and revenues for the current fiscal year, estimate of expenditures and revenues for the ensuing (budget) fiscal year, and an estimate of expected surplus for the current and ensuing year.
5. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

**Right. On time.**

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We appreciate the courtesy and cooperation extended to us by the officials and employees of Oronoko Charter Township and trust that these comments and suggestions will be received in the spirit of cooperation in which they are offered.

Very truly yours,

*Gerbel & Company, P.C.*  
GERBEL & COMPANY, P.C.  
Certified Public Accountants